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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
10 September 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Southeast Asian Countries on the Counter-insurgency Critical List

1. South Vietnam

The government is seeking to restore the appearance of order in Saigon but anti-Diem demonstrations by high-school students will probably serve to prolong emergency restrictions.

Rumors of possible cabinet changes may be an effort by the regime to placate dissatisfied military elements or could forecast a move to replace cabinet members with officials whose loyalty to Diem is above suspicion.

In the countryside most aspects of the war effort seem little affected by the crisis. Government military operations in August were sustained at close to July's high rate. An increase in the number of Viet Cong attacks in the past two weeks reflects no change in tactics.

2. Laos

Tensions have subsided in Vientiane following the shooting fracas on 9 September which for a time threatened to undermine the already shaky coalition structure. A hurriedly convened meeting of leaders of the three factions on 10 September resulted in at least a temporary modus vivendi whereby the small Pathet Lao detachment and two Pathet Lao members of the cabinet will remain in Vientiane,

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thus preserving a semblance of coalition government. Souvanna's departure on a trip abroad is imminent. Various state and personal missions will probably keep him away until sometime next month.

There have been several reports of small-scale skirmishing, but there are no indications that either side is contemplating a major military initiative.